

## **SERVICE AND COMPENSATION REFERRALS TO EMPLOYERS**

### **General Instructions for Working Referrals**

The first and most difficult step in handling the service and compensation referrals sent to you by the RRB is determining what is wrong. Some of the messages point directly to a single error and others are necessarily very general. Because the relationship between Tier I and Tier II compensation raises so many questions, a special section is included in this part entitled, "Understanding Edit Checks of Tier I and Tier II Compensation."

Once you have determined what data is in error, it will usually be clear how to correct the problem. The RRB uses basic dual-ledger accounting principles in processing adjustments. That is, if you filed a report for an incorrect year, you would correct this in two steps. First remove, or decrease, the service and compensation from the incorrect year. Second add, or increase, service and compensation for the correct year. By the same principle, if you under-reported Tier I compensation by \$150, the way to correct this is to increase Tier I compensation by \$150, not to file a new report with corrected totals.

If you file an adjustment report to handle one referral and you get another referral, call the supervisor of our accounting section at (312) 751-3371 for assistance. Filing an adjustment which takes into account two previous reports is complicated and the RRB staff will be able to assist you.

A list of referrals organized in alphabetical order follows. The list includes the reason the referral was created and how to work it. Each referral message also indicates whether the original service and compensation (S&C) data or sick pay data was rejected or posted to the employee's record. The differences in working referrals for rejected data and referrals for posted data are explained below.

### **Rejected Data vs Posted Data**

The validation or edits checks performed on incoming service determine whether the data is rejected or posted. Basically, if the correct data or correct employee record cannot be determined, the data is rejected. For example, if the name on an annual report does not match the current or previous name in RRB record, the service and compensation data is rejected because it is not clear if the RRB name is in error or if the SSN number on the report is in error.

In other situations the data is posted with an error indicator which controls use of the data in paying benefits. For example, if Tier II compensation exceeds the Tier II maximum on an annual report, the reported amount is posted but only the maximum amount is used in benefit calculations. Data which is posted with an error indicator requires an adjustment to bring the service and/or compensation to the correct balances. Data which is rejected requires a two step adjustment. The first step is to reverse the original report and the second step is to report the correct amounts.

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Alphabetical Order by Referral Message

**Adjustment beyond statute of limitations- S&C rejected**

This referral is produced when an adjustment appears to be received beyond the four year statute of limitations and the Form BA-4 did not identify the adjustment as a payment for time lost or explain the delay. For more information about the time frame for filing adjustments, see Part VII Chapter 2 of the *Reporting Instructions for Employers*.

You may call the supervisor of the Wage Accounting section at (312) 751-3371 and discuss the adjustment or you may write the explanation for delayed filing on the referral and return it to the RRB.

**Adjustment caused RUIA to become incompatible to Tier I/Tier II- S&C posted**

This referral is produced if, after the adjustment, there is one or no service months and the reported Tier I compensation is less than the monthly RUIA maximum but the reported RUIA compensation does not equal the reported Tier I compensation.

Prepare Form BA-4 to increase RUIA compensation to the amount of the Tier I compensation.

**Adjustment caused Tier II to become greater than Tier I- S&C posted**

This referral is produced when the adjustment results in the Tier II compensation being greater than the Tier I compensation. For more information about the relationship between Tier I and Tier II compensation see, "Understanding Edit Checks of Tier I and Tier II Compensation" at the end of this chapter.

Determine the correct compensation and prepare Form BA-4 to either increase Tier I or decrease Tier II accordingly.

**Adjustment caused under reported Tier II- S&C posted**

This referral occurs when the adjustment causes the resulting Tier II compensation to be less than the Tier I compensation and Tier I is less than the Tier II annual maximum. For more information about the relationship between Tier I and Tier II compensation see, "Understanding Edit Checks of Tier I and Tier II Compensation" at the end of this chapter.

Determine the correct compensation and prepare Form BA-4 to either increase Tier I or decrease Tier II accordingly.

**Adjustment results in invalid Tier I amount for year- S&C rejected**

This referral occurs when the adjustment decreases Tier I to zero but Tier II is greater than zero. For more information about the relationship between Tier I and Tier II compensation see, "Understanding Edit Checks of Tier I and Tier II Compensation" at the end of this chapter.

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Determine the correct compensation and prepare Form BA-4 to either increase Tier I or decrease Tier II accordingly.

**Adjustment results in invalid Tier II amount for year- S&C rejected**

This referral is produced when the adjustment decreases Tier II to zero but Tier I is greater than zero.

Determine the correct compensation and prepare Form BA-4 to either increase Tier II or decrease Tier I accordingly.

**Adjustment results in negative service months count for year- S&C rejected**

See below.

**Adjustment results in negative total RUIA- S&C rejected**

See below.

**Adjustment results in negative total Tier I- S&C rejected**

See below.

**Adjustment results in negative total Tier II- S&C rejected**

All the referrals beginning "Adjustment results in negative.." are produced when an adjustment decreases service and/or compensation by an amount greater than the amount currently on record at the RRB. This may occur if the adjustment was sent in for an incorrect year or if the employer's record of service and compensation for this employee prior to the adjustment does not agree with the RRB record. If the employer and RRB records do not agree, it is advisable to determine the cause, but if that is not possible, an adjustment bringing the employee's record to the correct totals can still be filed.

Determine what the correct service and compensation should be and, using the information shown on the referral, create an adjustment to yield that result. For example if one service month for March is the correct final result and RRB record shows three service months for March, April and May, prepare Form BA-4 to decrease April and May. Remember to also prepare an adjustment to offset the previous adjustment which rejected.

**Adjusted Tier II total is over the yearly maximum- S&C posted**

This referral is produced when the adjustment results in the Tier II compensation being greater than the annual Tier II maximum.

Prepare Form BA-4 to decrease Tier II to the annual maximum.

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**Decrease adjustment with no previous activity- S&C rejected**

This referral is produced if a decrease adjustment is received and the employer did not file an initial service and compensation report for that employee for that year. This most commonly occurs when an employee previously worked for a related railroad and the current railroad does not file the adjustment under the correct BA number. This may also occur if the SSN or the year on the adjustment is in error or if the adjustment should have been an increase.

Determine the correct SSN for the employee and the correct year, employer number, and type of adjustment. Prepare Form BA-4 with a two line adjustment. The first line should remove the original report. Since the original report was a decrease adjustment, remove it with an identical increase adjustment. The second line will report the adjustment correcting the erroneous data.

**Duplicate service months reported- S&C rejected- S&C rejected**

This referral is produced if an increase adjustment includes service months which are already reported. This usually occurs when the compensation for a month is being increased and the service month is also included in the adjustment even though it was already reported.

Enter the correct service month information on the referral and return it to the RRB.

**Incompatible RUIA- S&C posted**

This referral is produced if there is one or no service months and the Tier I compensation is less than the monthly RUIA compensation but the RUIA compensation does not equal the Tier I compensation. If compensation for a year is paid in a single month, it is expected that all three compensation amounts would be equal. If Tier compensation is being reported on a paid basis but RUIA compensation is being reported on an earned basis and this accounts for the differences, explain this on the referral. Otherwise...

Prepare Form BA-4 to increase RUIA compensation to the amount of the Tier I compensation.

**Name does not match RRB records- S&C rejected**

This referral is produced if the name and social security number (SSN) from the employer's report do not agree with the name and social security number established in RRB records. This referral could occur because the employer changed the employee's name in their records but did not notify the RRB. This referral could also occur if the SSN was shown incorrectly in the employer report and happened to match an existing SSN for a different employee.

Put the correct name and SSN on the referral and return it to the RRB.

**Name is missing- S&C rejected**

This literally means that you forgot to enter the employee's name on the report. We will not process a report without a name because the name is an important part of our verification process. Without

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the name verification, all reports with incorrect SSNs would be posted to the incorrect record. Missing names rarely occur, but occasionally a magnetic report will have missing data. Names can be shown right on the referral. Do not file an adjustment report to include or correct a name.

**Name misspelled- S&C posted**

This referral is produced if the name from the report matches the name in the RRB record except for one or two letters. This would indicate that either the employer or the RRB has misspelled the employee's name.

If the RRB record is correct, no action is necessary except to ensure that any subsequent reports use the correct spelling of the name. If the RRB name is misspelled, please indicate the correct spelling on the referral and return to the RRB.

**Payrate is missing- S&C posted**

Generally, this referral is informational only advising that payrates need to be included in your next annual report. Missing payrates delay the payment of unemployment and sickness benefits while the information is obtained from the employer. When missing payrates become a serious problem to the payment of timely benefits, the RRB may require supplemental reports of pay rates from all employers who failed to include them on their annual reports.

**Reported RUIA is over the maximum- S&C posted**

This referral is produced if the RUIA compensation from the annual report exceeds 12 times the monthly RUIA maximum.

Determine the correct RUIA compensation and prepare Form BA-4 to decrease the reported RUIA accordingly.

**Reported Tier I is over the maximum- S&C posted**

This referral is produced if the Tier I from the annual report is greater than the Tier I annual maximum for the year. This may occur if the employer was using the wrong Tier I maximum or if two of the digits were reversed or if the decimal was in the wrong place.

Determine the correct Tier I compensation and prepare Form BA-4 to decrease the reported Tier I accordingly.

**Reported Tier II is greater than the yearly maximum- S&C posted**

Same as above.

**Service and compensation after date of death- S&C posted**

This referral is produced if the employer reports a service month on the annual report which is after

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the month of death in the RRB record. This could occur if the employer erroneously reported service when service was not creditable or if the RRB received an erroneous notice of death.

Determine if the employee is due service for the months referred. If not, prepare Form BA-4 to remove the erroneous months. If the employee actually worked in the months or otherwise earned the service, notate this on the referral and return to the RRB.

**Sick pay after date of death- Sick pay posted**

This referral is produced if sick pay is reported for a year after the employee's year of death. Payments made to an employee's estate or survivor in the year following the employee's death are not creditable or taxable. This includes regular compensation as well as sick pay compensation.

Prepare Form BA-10 to remove the sick pay reported for any years after the year of death.

**Sick pay is over Tier I maximum- Sick pay posted**

This referral is produced if sick pay is reported in an amount which exceeds the Tier I annual maximum for the year. This referral usually results because a decimal is in the wrong place or two digits have been inverted.

Determine the correct amount of sick pay for the year. Prepare Form BA-10 to reduce sick pay compensation in RRB records accordingly. Your employer records may or may not contain the same error.

**Tier II is greater than Tier I- S&C posted**

This referral is produced if Tier II compensation on an annual report is greater than Tier I compensation. If credited correctly, Tier II will be either less than or equal to Tier I compensation. See "Understanding Edit Checks of Tier I and Tier II Compensation" at the end of this chapter for more information.

Determine whether Tier I is under-reported or Tier II is over-reported and prepare Form BA-4 to adjust compensation accordingly.

**Tier II may be under-reported- S&C posted**

This referral is produced if the Tier II compensation on an annual report is less than the Tier I compensation and Tier I is less than the Tier II maximum compensation. See "Understanding Edit Checks of Tier I and Tier II Compensation" at the end of this chapter for more information.

Determine whether Tier I is under-reported or Tier II is over-reported and prepare Form BA-4 to adjust compensation accordingly.

**Tier I is missing- S&C rejected**

This referral is produced if the Tier I compensation on an annual report is zero but the Tier II compensation is greater than zero. If Tier I compensation is correctly reported as zero, then the Tier II compensation should also be zero. If Tier II compensation is greater than zero, then Tier I compensation should be greater than zero. See "Understanding Edit Checks of Tier I and Tier II Compensation" at the end of this chapter for more information.

Determine whether Tier I is under-reported or Tier II is over-reported and prepare Form BA-4 to adjust compensation accordingly.

**Tier II is missing- S&C rejected**

This referral is produced if the Tier II compensation on an annual report is zero but the Tier I compensation is greater than zero. If Tier II compensation is correctly reported as zero, then the Tier I compensation should also be zero. If Tier I compensation is greater than zero, then Tier II compensation should be greater than zero. See "Understanding Edit Checks of Tier I and Tier II Compensation" at the end of this chapter for more information.

Determine whether Tier II is under-reported or Tier I is over-reported and prepare Form BA-4 to adjust compensation accordingly.

**Total Service months greater than detail- S&C rejected**

This referral is produced if the total service months from the annual report is greater than the sum of the individual months.

Determine if the total service months shown is incorrect or if an additional month(s) should be reported. Enter the correct service month information on the referral and return it to the RRB.